

A nonprofit organization which is organized for the purpose of educating the public as to the quality of radio and television programs by means of opinion polls, teaching evaluation guides, newsletters, and study kits to better their understanding and judgment of radio and television programs and thereby to encourage radio and television stations to fulfill their obligations to better serve the public interest, may qualify for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

An organization was created (1) to educate the public as to the quality of radio and television programs, and (2) to encourage, by educational methods, all radio and television stations to fulfill their obligations to serve the public interest.

No person engaged in commercial broadcasting may be a member of the organization, and it has no purpose in any way to serve the financial interests of any person so engaged.

The organization conducts an annual opinion poll, the purpose of which is not to find the number who prefer certain programs, but to determine the reasons for the preferences indicated. In addition, the organization publishes newsletters, and prepares teaching evaluation guides and study kits. The teaching evaluation guides are generally for the use of local community groups so that people can become equipped to demand good programs. The study kits are available to college and high school groups. The kits contain, for the most part, articles and pamphlets relating primarily to the television industry. The organization's primary source of income is from membership dues. Expenditures are primarily for printing costs and postage.

Section 501(c)(3) of the Internal Revenue Code of 1954 provides, in part, that, for an organization to qualify for exemption from Federal income tax under section 501(a) of the Code, it must be organized and operated exclusively for religious, charitable, scientific, literary or educational purposes.

Section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations, as far as here pertinent, provides that the term 'educational' as used in section 501(c)(3) of the Code relates to the instruction of the public on subjects useful to the individual and beneficial to the community. That section of the regulation also provides that an organization may be educational even though it advocates a particular position or viewpoint so long as it presents a sufficiently full and fair exposition of the pertinent facts to permit an individual or the public to form an independent opinion or conclusion.

The purposes of the organization are to educate the public by educational means regarding the quality of radio and television

programs; to observe and study in order to arrive at standards for judging programs; and thereby to encourage, by educational methods, all radio and television stations to fulfill their obligations to serve the public interest. These objectives are achieved by educational means through various publications, teaching people to be discriminating in their viewing and listening habits, and teaching people to 'think' and to have sound reasons for their choice of programs and to make their feelings known to broadcasters so that they, in turn, may improve programs in the public interest. The facts disclose that information gathered by the organization is disseminated to the public in such a manner that an independent judgment may be made. The information also serves to encourage broadcasters to better serve the public interest.

In view of the above, it is held that the organization, in the instant case, qualifies for exemption from Federal income tax under section 501(c)(3) of the Code, as an educational organization.

An organization which considers itself within the scope of this Revenue Ruling must, in order to establish exemption under section 501(c)(3) of the Code, file an application on Form 1023, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the Regulations.